

Message Text

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ACTION COME-00

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E.O. 11652: N/A

TAGS:

SUBJECT: TRADE COMPLAINT: LITTLE BEAVER CREEK RANCHES VS
NOSAWA & COMPANY, TOKYO

1. THE EMBASSY DISCUSSED THIS PROBLEM WITH MR. ISHIDA,
MANAGER OF THE LIVESTOCK DIVISION OF NOSAWA AND COMPANY, AND
OBTAINED THE FOLLOWING INFORMATION:

2. THE 80 HEIFERS WERE AIRFREIGHTED AND ARRIVED OSAKA APRIL
18 AND PLACED IN GOVERNMENT QUARANTINE STOCKYARD FOR 15 DAYS
IN ACCORDANCE JAPANESE REGULATIONS. EXAMINATION AT END
QUARANTINE PERIOD REVEALED SOME HEIFERS HAD PINKEYE; CONSE-
QUENTLY QUARANTINE PERIOD EXTENDED ANOTHER 15 DAYS
AFTER WHICH MORE HEIFERS FOUND TO HAVE PINKEYE.

3. BOTH NOSAWA AND JAPANES QUARANTINE OFFICIALS CONTACTED
BY EMBASSY BELIEVE THAT PINKEYE AMONG SUBJECT CATTLE WAS
CONTRACTED IN THE UNITED STATES ALTHOUGH NOT DISCOVERED BY
U.S. FEDERAL VETERINARIANS BEFORE SHIPMENT. NOSAWA
ASSERTS IT IS IMPOSSIBLE FOR CATTLE TO CONTRACT PINKEYE
DURING FLIGHT OR IN QUARANTINE STOCKYARD BECAUSE AIRPLANE
AND STOCKYARD ARE FUMIGATED AFTER EVERY USE. PINKEYE
WAS FIRST DISCOVERED IN JAPAN TWO OR THREE YEARS AGO
AMONG CATTLE IMPORTED FROM U.S. AND IS NOT OFTEN FOUND
IN JAPAN. ACCORDING TO PROF. TAKAHASHI, VETERINARY
DEPARTMENT OF TOKYO UNIVERSITY, PINKEYE IS CAUSED BY VILES
AND BACTERIAS AND IS THOUGHT TO HAVE 10 TO 20 DAY INCUBATION
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PERIOD.

4. NOSAWA IMPORTED THE 80 HEIFERS FOR MR. SOHMA IN HOKKAIDO AND MR. SOHMA IN TURN HAD RESOLD 40 OF THEM TO MR. TOKUGAWA, ALSO OF HOKKAIDO. BOTH BUYERS WHO CONTRACTED FOR HEIFERS PRIOR ARRIVAL JAPAN WERE DISSATISFIED WITH POOR QUALITY OF ANIMALS THEY RECEIVED.

5. UPON EXAMINING ON JUNE 26, BOTH HOKKAIDO RANCH OWNERS FOUND 20 OF THE 80 HEAD SUFFERING FROM PINKEYE, AMONG WHICH 6 HAD LOST SIGHT OF ONE OF THEIR EYES, 5 HEAD HAD WARBLES AND 2 HAD TORN TAILS. IN ADDITION, ALL THE HEIFERS WERE UNDERNOURISHED FOR THEIR AGE. AFTER FEEDING THEM FOR ONE MONTH IN QUARANTINE THEY GAINED ONLY AN AVERAGE OF 12 KILOS WHEN NORMALLY THEY SHOULD HAVE GAINED 25 OR 30 KILOS EACH. THE HOKKAIDO RANCH OWNERS CONSIDER THESE HEIFERS ABOUT 6 MONTHS UNDERGROWN, NOSAKA STATES.

6. ON JUNE 29 MR. SOHMA SENT WRITTEN NOTICE TO NOSAWA CANCELLING SALES CONTRACT FOR THE 80 HEIFERS. HE PLANNED TO SEND 40 OF THE ANIMALS TO SLAUGHTER HOUSE IMMEDIATELY AND SELL THE BALANCE IF SALEABLE. NOSAWA REQUESTED SOHMA TO KEEP THE ANIMALS UNTIL THEY COULD BE SHOWN TO MR. DALE G. MOORE AS EVIDENCE. NOSAWA SAYS HE HAS NOT RECEIVED ANY PAYMENT FROM THE HOKKAIDO RANCH OWNERS EVEN THOUGH MR. MOORE STATED IN HIS LETTER ADDRESSED TO MR. DOBBIN THAT THEY HAD RECEIVED THE MONEY.

7. ACCORDING TO NOSAWA, MR. MOORE AT FIRST LED HIM TO BELIEVE THAT THE 80 HEIFERS WERE FROM HIS OWN RANCH AND OF FIRST QUALITY, BUT MOORE LATER INFORMED NOSAWA THAT THE HEIFERS WERE SELECTED BY MRS. NAKAJIMA AND THAT HE WAS NOT RESPONSIBLE FOR THE QUALITY OF THE ANIMALS. NOSAWA ALSO STATES THAT MR. ARAI WAS IN JAPAN IN APRIL AND TH ALTHOUGH MR. MOORE SAYS HE GAVE NOSAWA A \$5,000 COMMISSION, THE AMOUNT WAS \$4,000 AND IT WAS NOT A COMMISSION BUT IN FACT A REIMBURSEMENT FOR WHAT NOSAWA HAD OVERPAID BEFORE.

8. NOSAWA ASKED MR. MOORE, PRESIDENT OF LITTLE BEAVER CREEK RANCHES THAT HE OR HIS PROXY VISIT JAPAN TO IN- UNCLASSIFIED

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SPECT THE 80 HEIFERS AND RESOLVE THIS PROBLEM. BUT MR. MOORE HAS NOT YET REPLIED TO THIS SUGGESTION. NOSAWA MAINTAINS THAT THE APRIL AND JUNE SHIPMENTS SHOULD BE TREATED AS A SERIES OF TRANSACTIONS AND NOT SEPARATE ONES AND THAT THEY BELIEVE IT IS FAIR TO WITHHOLD PAYMENTS UNTIL A SATISFACTORY SOLUTION IS REACHED FOR THE 80 HEIFERS. NOSAWA SAYS THEY HAVE NO INTENTION OF PAYING FOR THE JUNE SHIPMENTS UNTIL THE PROBLEM OF

THE APRIL SHIPMENT IS SETTLED, BECAUSE MR. MOORE HAS SO FAR FAILED TO OFFER ANY CONCRETE PLAN TO RESOLVE THIS MATTER AND BECAUSE NOSAWA THINKS IT WOULD BE DIFFICULT TO SETTLE THIS DISPUTE AFTER PAYMENT IS MADE FOR JUNE SHIPMENTS. WHILE MR. MOORE AGREED TO GIVE NOSAWA AN ADJUSTMENT AMOUNTING TO \$8,050, NOSAWA EXPECTS THAT SOHMA MIGHTDEMAND AN INDEMNITY OF YEN16,490,000 (APPROXIMATELY \$53,000) WHICH IS ONE-HALF TOTAL COST OF YEN32,980,000.

9. NOSAWA WAS ESTABLISHED IN 1869 AND IS MEDIUM-SIZED REPUTABLE TRADING FIRM. THEY HAVE BEEN SUCCESSFULLY IMPORTING LIVESTOCK ANIMALS FROM THE UNITED STATES, AUSTRALIA AND OTHER COUNTRIES OVER PAST 50 YEARS. THE MINISTRY OF AGRICULTURE AND FORESTRY HIGHLY COMMENDS NOSAWA TO THE EMBASSY, AND NOSAWA HAS REPEATEDLY IMPORTED LIVESTOCK ANIMALS FOR THE MINISTRY.

10. THE EMBASSY BELIEVES THIS DISPUTE CAN BEST BE RESOLVED BY THE CONCERNED PARTIES. MR. MOORE MAY WISH CONTACT JAPAN COMMERCIAL ARBITRATION ASSOCIATION, TOSHO BLDG., 2-2 MARUNOUCHI 3-CHOME, CHIYODA-KU, TOKYO TO OBTAIN THAT ORGANIZATION'S ASSISTANCE IN SETTLING THIS CASE.

11. NOTICE OF CANCELLATION PARA 6 AND LETTER TO MR. DALE G. MOORE FROM NOSAWA CO., LTD., PARA 8 BEING POUCHED SEPARATELY.
HODGSON

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